

**§ 49.4261-5 Payments made outside the United States.**

(a) *In general.* The tax imposed by section 4261(b) applies to amounts paid outside the United States for the taxable transportation of persons, but only if such transportation begins and ends in the United States. Thus, in addition to the exclusion provided for certain travel under section 4262(b), the tax imposed by section 4261(b), shall not apply unless the transportation both begins and ends within the United States. Accordingly, the tax does not apply to a payment made outside the United States for one-way or round-trip transportation between a point within the United States and a point outside the United States.

(b) *Transportation between two or more points in the United States.* (1) For purposes of this section, a payment made outside the United States for transportation between two or more points in the United States is a payment for transportation which begins and ends in the United States, even though additional transportation to or from a point outside the United States is involved in the entire journey, if at the time of making payment for the transportation between two or more points in the United States it is not definitely established, under the rules set forth in § 49.4261-6, that such transportation is purchased for use in making the journey from or to a point outside the United States. The fact that the entire journey includes transportation from or to a point outside the United States is not in itself determinative of the liability for tax.

(2) The following examples illustrate the application of this paragraph:

*Example (1).* W travels from Havana, Cuba to New York by way of Miami. He purchases in Havana a steamship ticket for his transportation from Havana to Miami and an exchange order for air transportation from Miami to New York. The ticket for the connecting transportation from Havana to Miami, and the order for the transportation from Miami to New York were not appropriately inscribed by the agency or carrier which received the payment for the air transportation involved at the time such payment was received so as to clearly show that the ticket and order were purchased for use in conjunction with each other. Therefore, the agency or carrier which accepts the

exchange order and issues the ticket for the transportation from Miami to New York is required to collect the tax which applies to the amount paid outside the United States for such transportation.

*Example (2).* X travels on a round trip from Montreal, Canada, to Los Angeles by way of New York. He purchases in Montreal air transportation for the round trip between New York and Los Angeles, and uses a private automobile for transportation from Montreal to New York and return to Montreal. The amount paid in Montreal for the round-trip transportation between New York and Los Angeles is a payment for transportation which begins and ends in the United States and is therefore subject to tax.

(c) *Cross reference.* See section 4262(b) and § 49.4262(b)-1 for a partial exclusion with respect to amounts paid for certain transportation.

**§ 49.4261-6 Payments made outside the United States; evidence of nontaxability.**

(a) *In general.* The tax does not apply to a payment made outside the United States for transportation which begins or ends outside the United States. For purposes of the preceding sentence, a payment made outside the United States for transportation between two or more points within the United States (such transportation being referred to hereinafter in this section as "the United States portion"), which is part of transportation from or to a point outside the United States is a payment for transportation which begins or ends outside the United States, where it is definitely established at the time of making payment for the United States portion that such portion is purchased for use in making the journey from or to a point outside the United States. The nontaxable character of the payment made outside the United States for the United States portion shall be established under the rules set forth in paragraphs (b) through (e) of this section.

(b) *Through tickets.* Where one ticket (commonly known as a "through ticket") is issued to cover all of the United States portion of a journey which begins or ends outside the United States and to cover also the connecting transportation from or to a point outside the United States, no further evidence of the nontaxable character of the